

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS: Grade AA butter, in weekly trading, decreased 10 3/4 cents to \$1.2175.

In daily cash cheese trading on Wednesday, November 25, barrels closed at \$1.8450 and blocks closed at \$1.8800. The weekly average is \$1.8417 for barrels and \$1.8758 for blocks.

In daily cash nonfat dry milk trading, the close on Wednesday, November 25, is \$1.1550 for Extra Grade and \$1.1650 for Grade A. The weekly average is \$1.1550 for Extra Grade and \$1.1650 for Grade A.

BUTTER: Prices continue their downward spiral and the market is weak. At the CME, butter prices have dropped for nine consecutive weeks. Production levels are moderate to heavier as more, less expensive cream is available to butter makers. Bulk and print offerings are up slightly and more than adequate to cover current needs. Buying interest is reported about steady, but with lower prices some buyers are starting to show a little more interest for year end holiday needs.

CHEESE: The cheddar cheese market continues to firm as cash prices at the CME closed the week at another record high. Record weekly high closes have occurred on consecutive weeks since September 11. Current demand remains good. Spot offerings remain limited. Plants are keeping inventories as low as possible. Many cutters and processors are operating on reduced holiday schedules. Some extra milk is expected to clear to manufacturing plants during the holiday period.

FLUID MILK: Milk production patterns are generally following recent trends. In the southernmost tier of states, milk output is often increasing. In Florida, production is increasing and less milk is being imported to supplement local shortages. Across the northern states the milk flow is holding steady at generally seasonally low levels. The fluid cream market is weak, following sharp drops in the butter market. Buyers are reluctant to take any cream beyond short term needs and multiple are lower and often based on upcoming markets. Orders for holiday based cream items were strong early in the week. Fluid milk bottling needs were switched from school pack to home needs, but

the volumes of milk were holding steady.

DRY PRODUCTS: Nonfat dry milk markets are showing some short term firmness, but prices have not reacted. Currently, spot offerings are limited as producers often scramble to fill contracted orders. The trade expects NDM to be tight until near year-end. Buttermilk prices are lower. Production plants have extra powder and are lowering offering prices to stimulate interest. Dry whey prices are holding steady. Supplies and demand are in balance in most regions. Lactose and WPC markets are steady to weak. Buying interest is limited mainly to contract sales.

CCC: During the period of November 23 - 24, CCC reported no support price activity. Sellbacks to the trade during November 20 - 24, totaled 624,846 pounds of NDM. The CCC has announced that the sellback price has been raised 3 cents to \$1.1300. Cumulative sellback since October 1, 1998, totals 13,218,757 pounds.

COLD STORAGE (USDA, NASS): U.S. cold storage holdings of butter on October 31, 1998, total 31.1 million pounds, down 8.8% from September 30, 1998, but 16.9% higher than October 1997. Natural American cheese holdings total 392.9 million pounds, a decline of 5.9% from a month ago and down 5.3% from October 1997.

CONSUMER PRICE INDEX (BLS): The October 1998 Consumer Price Index (CPI) for all food is 162.0, up 2.4% from October 1997. The dairy products index, at 155.0, is up 6.4% from a year ago. The October to October changes in selected dairy products are: fresh whole milk +5.0%, cheese +7.0%, and butter +69.6%.

COMMERCIAL DISAPPEARANCE (ERS & AMS): Commercial disappearance of dairy products during the period of July - September 1998 totals 40.7 billion pounds, 0.8% more than the comparable period in 1997. Comparing disappearance levels with a year ago: butter, American cheese, other cheese, nonfat dry milk and fluid milk products were all lower. During the first nine months of 1998, commercial disappearance of dairy products is 2.2% above 1997 levels.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-42,000 lbs.

PRODUCT	MONDAY NOV 23	TUESDAY NOV 24	WEDNESDAY NOV 25	THURSDAY NOV 26	FRIDAY NOV 27	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.8350 (N.C.)	\$1.8450 (+.0100)	\$1.8450 (N.C.)	CME	CME	+.0100	\$1.8417 (+.0087)
40# BLOCKS	\$1.8725 (+.0025)	\$1.8750 (+.0025)	\$1.8800 (+.0050)	CASH	CASH	+.0100	\$1.8758 (+.0098)
NONFAT DRY MILK EXTRA GRADE	\$1.1500 (N.C.)	\$1.1550 (N.C.)	\$1.1550 (N.C.)	DAIRY	DAIRY	N.C.	\$1.1550 (N.C.)
GRADE A	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	MARKETS	MARKETS	N.C.	\$1.1650 (N.C.)
BUTTER GRADE AA			\$1.2175 (-.1075)	CLOSED	CLOSED	----	----

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - November 23 - 25, 1998

MONDAY, NOVEMBER 23, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 3 CARS BARRELS @ \$1.8350; 2 CARS 40# BLOCKS: 1 @ \$1.8725, 1 @ \$1.8700; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 5 CARS GRADE A @ \$1.1100; OFFERS UNCOVERED: NONE

TUESDAY, NOVEMBER 24, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 5 CARS BARRELS: 3 @ \$1.8450, 2 @ \$1.8350; 2 CARS 40# BLOCKS: 1 @ \$1.8750, 1 @ \$1.8725; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, NOVEMBER 25, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 3 CARS BARRELS @ \$1.8450; 2 CARS 40# BLOCKS: 1 @ \$1.8800, 1 @ \$1.8750; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ \$1.1200; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 17 CARS: 2 @ \$1.2750, 1 @ \$1.2900, 1 @ \$1.2875, 1 @ \$1.2800, 1 @ \$1.2775, 1 @ \$1.2400, 1 @ \$1.2350, 1 @ \$1.2300, 3 @ \$1.2275, 2 @ \$1.2250, 1 @ \$1.2225, 1 @ \$1.2200, 1 @ \$1.2175; BIDS UNFILLED: 13 CARS: 1 @ \$1.2175, 5 @ \$1.2100, 2 @ \$1.2000, 5 @ \$1.0000; OFFERS UNCOVERED: 11 CARS: 1 @ \$1.2300, 1 @ \$1.2750, 1 @ \$1.3100, 1 @ \$1.3150, 1 @ \$1.3175, 1 @ \$1.3200, 5 @ \$1.4000

PRINT BUTTER MARKETS - GRADE AA

MONTHLY COLD STORAGE

According to NASS, October month-end cold storage figures for butter total 31.1 million pounds, 8.8% lighter than last month but 16.9% more than October 1997.

NORTHEAST

Premium structures steady. The butter price at the CME dropped for the ninth consecutive week. At the 11/20 CME, butter closed at \$1.3250, down 42 1/2 cents. Prices have dropped nearly one dollar in the past four weeks. Contacts still are reluctant to buy butter except to meet current orders. Many feel that there is a lot of butter available and little reason to have an inventory beyond immediate needs. Thanksgiving orders should have been delivered already, but some last minute deliveries are keeping distributors busy. Retail sales are still being affected by high prices, but some features did help. Food service orders have been fairly good as restaurants prepare for Thanksgiving and the start of the Christmas shopping season. Churning activity is moderate to heavy as more excess cream is being offered to local and out-of-region butter makers.

CENTRAL

Premium structures are unchanged, but tending to be in the lower portion of the range. The CME closed lower for the ninth consecutive week. Contacts report increased offerings of excess cream in most areas of the country. Most butter producers are paying relatively little for the available cream as they do not want to build inventories while the market is falling. As more butter is being produced locally, less Western butter is being shipped in. However, it is readily available at attractive prices. Retail sales are fairly good this Thanksgiving week. However, most distributors had made the majority of their deliveries earlier in the month. Also helping sales levels, is the fact that many retailers have adjusted prices lower. These adjustments, however, are not as rapid as the drops recorded at the CME.

WEST

Western butter price differentials continue to decline. Bulk sales are very slow at best. Churning is up, but sales are down. Western butter is moving through the CME cash market on a regular basis. Print sales picked up very late in the pre-holiday season. It seems that retail movement is quite good even at relatively high shelf prices. The wide spread between shelf prices and wholesale prices cut down on the risk of searching for and shipping butter for retail accounts even on the edge of being too late to make the sale. Cream offerings are extremely heavy and likely to get even worse over the holiday weekend. Butter stocks are heavier than desired at most trading levels.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES.

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE
NOVEMBER 20, 1998 CLOSE = \$1.3250

STYLE	NORTHEAST	CENTRAL	WEST
BULK	flat TO +5	flat TO +3	-10 TO -4

CHEESE MARKETS

NORTHEAST

Prices are fractionally higher and the market tone is still firm. Contacts still wonder how high prices will get at the CME. Prices have moved higher for nearly three months in a row and there is little indication, other than historical patterns, that they have leveled off or will peak in the near future. Producers continue to report good demand and that they are trying to catch up to existing orders. Plant stocks range from light to closely balanced. Demand is fair to good as distributors are busy making last-minute deliveries for Thanksgiving. Retail movement is steady, but food service orders have been good. Not only are restaurants expecting a busy Thanksgiving, but the unofficial beginning of the Christmas shopping season (the Friday after) also starts are very good period for restaurants.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.8675-2.3525
Cheddar Single Daisies	:	1.8375-2.3525
Cheddar 40# Block	:	2.0050-2.1525
Process 5# Loaf	:	2.0200-2.1725
Process 5# Sliced	:	2.0475-2.2325
Muenster	:	2.0450-2.3600
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market tone is fully steady, at least for the short term. Buyers are wondering what will end up being the peak prices and how long prices will stay up at record high cash prices. Current cheese offerings remain limited, as most plants remain committed with orders for various periods of time, some as far out as year end. Buyers and plants are trying to keep inventories at the lowest working levels possible. Most processors and packagers are trying to keep schedules down to 3 days this week in order to take advantage of the long holiday weekend. This allowed a few producers to shift an extra load or two to other accounts. Cheese yields remain seasonally good. Extra milk is expected to back up into manufacturing channels as schools close for the Thanksgiving holiday weekend. Record high milk prices have caused increased reluctance by cheese plant operators offered spot milk during the holiday period.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	2.0025-2.1500
Brick And/Or Muenster 5#	:	2.1200-2.3375
Cheddar 40# Block	:	1.9150-2.1400
Monterey Jack 10#	:	1.9150-2.3200
Blue 5#	:	2.4725-2.6800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9150-2.2025
Grade A Swiss Cuts 6 - 9#	:	2.4500-2.6500

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	NOVEMBER 23 - 27, 1998
BARRELS*	:	\$1.8325 - 1.8525 (NOMINAL)
	:	(\$.0050) (.0050)
40# BLOCKS	:	\$1.8850 - 1.9150 (NOMINAL)
	:	(\$.0150) (.0050)

() Change from previous week. * If steel, barrel returned.

WEST

No slow down in cheese price increases is noted at this time. Buying activity is as strong as or stronger than it has been in the past few weeks. Buyers need cheese for short term commitments and are having a hard time being able to cover these needs. Offerings are up slightly as producers want to make sure that they have the absolute minimum stocks on hand. Some producers have also looked over at the butter market price decline and realize that at some point the same scenario could impact cheese. Cheese production is mixed. Some milk is heading toward cheese from butter/powder, but other plants are reporting less production because of the pre-holiday call for milk. U.S. natural American cheese cold storage holdings at the end of October total 392.9 million pounds, down 5.3% from last year and the lowest stock level in more than 18 months. Swiss stocks, at 12.4 million pounds, are up 6.6% from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.9900-2.2425
Cheddar 40# Block	:	1.9900-2.1275
Cheddar 10# Cuts	:	2.1800-2.3875
Monterey Jack 10#	:	2.2000-2.3500
Grade A Swiss Cuts 6 - 9#	:	2.4000-2.5300

FOREIGN TYPE

Prices for domestic styles and brands are fractionally higher again this week. Demand for table cheese is quite good, but deliveries this week are slower since most Thanksgiving needs have been delivered. Distributors are quite active trying to fill last-minute orders. Stocks are adequate to meet current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 2.2000-2.8100*
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.8950*
Parmesan (Italy)	: TFEWR	: 3.6100-3.6500*
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.8725-2.4000*
Romano (Cows Milk)	: -0-	: 3.3775-5.7150*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-
* = Price change.		

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER : CHEESE	
11/23/98	7,210	: 95,015
11/01/98	8,149	: 96,049
CHANGE	-939	: -1,034
% CHANGE	-12	: -1

FLUID MILK AND CREAM

E A S T

Milk production is mostly steady in the Northeast; steady to higher in the Southeast. Fluid milk supplies remain tight and shipments into Florida and other Southeastern states continue. However, these shipments were heavy early in the week, but dropped off after Tuesday. Bottled milk sales are good this week at retail outlets, but some of this improvement is being offset by the loss of school lunch sales late in the week. Most bottlers will be down on Thursday, but back to work on Friday and starting to refill the pipelines. This week, Florida handlers are scheduled to import 64 loads. This compares to 128 loads last week and 71 during the same week last year. Handlers in other Southeastern states purchased about 60 - 70 outside loads this week. Surplus milk volumes are light to moderate. Manufacturing plants expect a slight increase in surplus milk volumes over Thanksgiving, but there is plenty of capacity to handle any extra milk that may be available. Volumes may be small enough for some plants to just carry it over like any normal weekend. The condensed skim market is firm and prices are steady too higher. With butter prices falling as fast as they are, some suppliers are moving their condensed skim prices higher to offset the drop in fat value. Some suppliers have projected that condensed skim prices will be substantially above our reported range in the near future. Some contracts are based on formula prices and some of those are approaching \$1.50 per pound solids. Demand for wet solids is fair to good, but last week's closing of a large ice cream plant is having an impact on the supply/demand relationship. With prices nearing the \$1.20-1.25 level, buyers are starting to look at NDM as a less expensive source of solids. The fluid cream market is very weak. The ice cream plant closing "freed up" 10 - 15 contracted loads of cream each week and there is little additional demand to clear that much cream. Therefore, multiples have moved lower in most instances. The lower multiples and the sharp drop (42.5 cents) in the CME butter price did affect sales and move spot prices sharply lower. Demand is fair to occasionally improved. Some cream cheese producers took some additional loads this week. Bottled cream production is slower now that Thanksgiving needs have been filled, but bottlers are starting to prepare for the year end holidays. Churning activity is heavier as most producers are having more, less expensive cream offered to them. Most churners are still reluctant to make butter as there are fears that butter prices may fall further.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.4575 - 1.5900
Delivered Equivalent Atlanta	-	1.5105 - 1.8388 M 1.5370 - 1.5900
F.O.B. Producing Plants: Upper Midwest	-	1.5900 - 1.7490

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.9500 - 1.2500
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
NOVEMBER 20 - 25, 1998	17
PREVIOUS WEEK	37
COMPARABLE WEEK IN 1997	0

DESTINATIONS: FLORIDA 2, KENTUCKY 15

Class I and II interest was strong very early in the week and over the past weekend. Manufacturers were active making dips, half and half, and other holiday items. However, in preparation for the closing of schools for the long holiday weekend, fluid orders were sharply slower starting Tuesday. Besides the milk shipments reported, 6 loads of Wisconsin milk are "direct shipped" to Missouri and 15 loads to Tennessee and pooled under a Southern Federal Order during the abbreviated period. Manufacturing milk offerings were light and, while some holiday "surprises" may yet occur, handlers were expecting

little difficulty in moving what was expected to be a limited volume of holiday surplus loads. On a light test, spot prices received were in the -\$0.50 to +\$2.00 over class for manufacturing milk. Prices may drop lower over the holiday period. Some plant operators are not interested in making spot milk purchases in an attempt to keep the lowest possible cheese inventories for when demand slows. Milk production is bouncing around at the bottom point in the annual production cycle in the northern tier of states that normally do not show consistent increases until after Thanksgiving/deer hunting holiday period. Cream prices are sharply lower following the large decline in cash butter prices at the Chicago Mercantile Exchange on November 20. Multiples are also trending lower with reports of number above and below 110 for churning. Unseasonably warm weather has allowed farmers to keep cows outside more than usual in late November, but close to the buildings due to deer hunting. Some late season fieldwork and equipment cleanup are still occurring beyond manure hauling.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	NOV 19 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 28.00- 33.50	\$ 31.50- 36.00
REPLACEMENT HEIFER CALVES	\$170.00-220.00	\$110.00-125.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	NOV 19 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 28.00- 35.50	\$ 30.00- 36.75

W E S T

October pool receipts of milk in California total 2.309 billion pounds, up 2.9% from last year. The increase follows three consecutive months of declines. Cumulative pool output through ten months of the year total 22.2 billion pounds, up 1.2% from the same period in 1997. The blend price, at a fat test of 3.68%, is \$1.04 higher than September at \$17.72. The percentage of receipts used in Class 1 products is 23.81%. The October quota price is \$18.64 and the base and overbase prices are \$16.94. These prices are 91 cents higher than last month and \$4.42 higher than October 1997. (The blend price, quota price, base and overbase prices are all record highs.) Milk production trends of recent weeks continue to hold across most regions in the Southwest. Seasonally mild temperatures are common and little stress is noted on the milking herds. California production continues to hold steady to slightly higher. Milk volumes are able to be handled by plants and competition from cheese producers in the state remains active. New Mexico and Arizona production levels are steady to higher and trend above last year's levels. During the holiday shortened week, fluid milk bottlers shifted milk from school accounts to packaging more for home usage. Many schools and colleges are off 2 to 3 days this week due to the Thanksgiving holiday. Fill-in orders for holiday based cream items were still being shipped early in the week, but tapered off. Demand for cream continues to be light and western multiples were as low as 105. Butter churners are trying to avoid making butter and having inventory values decline. A heavy storm moved through the Pacific Northwest early in the week. High winds caused some power outages and rain amounts of more than five inches were recorded in localized areas. A few people believe that some of the storms did include tornadoes. Slight disruptions in normal milk flow patterns were noticed, but with little overall impact. Some processing plants were down for varying time periods due to power outages. Feed lots are now extremely muddy. If these conditions persist, stress on the milking herd will certainly increase. Contacts have been noticing a nice seasonal run up in tests on milk receipts. Heifer supplies remain very tight. Quality on the hay supplies now being offered is declining and prices are holding steady. Hay movement is quite good even for this holiday week. Winds and rain have also been common in northern Utah and Idaho. Very little impact has been noticed on milk receipts. Most manufacturing plants would accept more milk at this time.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 11/25/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are mostly steady and the market tone is firm. Producers expect to dry a little more powder over the Thanksgiving weekend. However, with butter prices dropping so fast and cheese prices still climbing, contacts feel that most of the extra milk will find its way into cheese plants. Producers' stocks are very light and most barely have enough to meet internal needs and contracted volumes. Buy back from CCC has been quite active, but CCC's November 20 change in the sellback price to \$1.13 has slowed interest.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.1000 - 1.1525 MOSTLY: 1.1200 - 1.1400

DRY BUTTERMILK - CENTRAL

Prices and the market tone are unchanged. However, some contacts point out that spot buyers are showing resistance to higher offering prices. For about the fourth consecutive week, there are reports of a block of four to eight month old powder and, for the same length of time, there has been little or no interest in this product. Production levels are steady to heavier now that churning activity is increasing.

BUTTERMILK: .9500 - 1.0700

DRY WHEY - CENTRAL

Prices and the market tone are unchanged. Production levels are up slightly, but most producers still report that their output and sales are closely balanced. Demand for dry whey is reported as fair for human food use and very slow from animal feed makers/users. The holiday shortened week is contributing to the relatively light market activity.

NONHYGROSCOPIC: .2400 - .2600 MOSTLY: .2450 - .2500

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged on milk replacer, standard, and roller ground; steady to lower on delactose. Demand from animal feed makers and users is down as the veal and hog markets remain depressed. This holiday shortened week saw little change in the market. Animal feed, whey offerings are more than ample to cover current needs.

MILK REPLACER: .1800 - .2100
STANDARD: .1600 - .1800
ROLLER GROUND: .2525 - .2625
DELACTOSE (Min. 20% protein): .3275 - .3575

LACTOSE - CENTRAL AND WEST

Prices are mostly unchanged and the market tone is steady. First quarter contracts are being discussed. Some producers are contracting for all of their anticipated output and report being in a good position. Others expect to have product for spot sale and are comfortable with that position. Current demand is reported as fair to good.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1400 - .2350 MOSTLY: .1700 - .1800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are mostly steady. The market tone is steady to weaker. Buying interest is slow to fair. Some producers are sold out while others have powder to move. Those with product to sell are often discounting prices to attract interest. In most cases, little additional interest is being generated. The slow animal feed market is being cited as one reason for the slower sales of WPC.

EXTRA GRADE 34% PROTEIN: .5400 - .6225 MOSTLY: .6000 - .6100

NONFAT DRY MILK - WEST

Nonfat dry milk prices are unchanged for both series. The general market undertone is steady. Currently, supplies are in close balance for demand. Producer spot offerings remain at low levels and are not expected to increase noticeably in the short term. The holiday weekend may send some surplus milk to butter/powder operations, but processors are attempting to maximize returns and are keeping cheese plants as full as possible. Producers would like to make more NDM but cream and butter have turned into liabilities with losses sometimes taken to move them. Sellbacks from the CCC continue to be used to fill local shortages. During the period of November 20 -24, sellbacks totaled 624,846 pounds at \$1.1000. Additional sales previously announced to Russia and previous sellbacks have dropped CCC uncommitted inventories to 10.5 million pounds. CCC also increased their sellback price this week to \$1.1300 per pound. Stock levels for NDM remain light.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0600 - 1.1600 MOSTLY: 1.1100 - 1.1300
HIGH HEAT: 1.1300 - 1.1750

DRY BUTTERMILK - WEST

Dry buttermilk prices are lower and the market undertone is showing more weakness. Drying schedules continue to increase in the region as butter churning increases and the call for condensed buttermilk wanes seasonally. Many ice cream manufacturers are down extra days around the holiday weekend. Other seasonal buying interest has not materialized. Much of the current activity is centered around contract obligations. Inventory levels are increasing at many plants.

BUTTERMILK: .9700 - 1.0100 MOSTLY: .9700 - .9800

DRY WHEY - WEST

Prices continue to hold steady for Western whey powder. The industry is amazed at how long the market has held steady, but neither buyers nor sellers are questioning the fact. Domestic demand continues to clear extra grade offerings very easily. It is noted that a number of Western manufacturers are producing more lower quality powder at this time of year than might be anticipated. Export sales are steady. Production ranges from steady to up slightly.

NONHYGROSCOPIC: .2300 - .2750 MOSTLY: .2400 - .2425

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended November 20, on powder sales of 9,634,702 pounds f.o.b. California manufacturing plants was \$1.0642 per pound. This compares to 7,082,081 pounds at \$1.0775 for the previous week ending November 13, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and remain nominal. The market tone is mixed, but firm. Most Eastern producers have little or no NDM to offer on the spot market and current output is lighter than desired. However, most plants will see a little more milk late this week as many bottlers will be down for a day or two. This increased output is expected to help them get caught up on back orders. Some producers continue to look for powder on the resale market to help them fill contracts. Interest in buy-backs from CCC has slowed since the November 20 announcement that they raised the sellback price to \$1.13. Demand for NDM is good. With condensed skim prices increasing, buyers of wet solids are again turning to NDM because prices are often more attractive.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.1000 - 1.1900

HIGH HEAT: 1.1300 - 1.2000 MOSTLY: 1.1400 - 1.1500

DELVD SOUTHEAST:

ALL HEATS: 1.1300 - 1.2000

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower. The market tone is generally showing more signs of weakness. Churning activity is increasing which produces more buttermilk to dry or sell as condensed. Demand for both powder and condensed is slow to fair. Some of the higher priced offerings are meeting price resistance. Producer stocks remain closely balanced, but with churning increasing, drying schedules may have to increase.

F.O.B. NORTHEAST: .9800 - .9900

DELVD SOUTHEAST: 1.0200 - 1.0800

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production is lighter as many producers try to gear their output to existing orders. Plant stocks are closely balanced with needs. Domestic demand is slow to fair. There have been no new export sales/bids accepted under DEIP for the past nine weeks.

F.O.B. PRODUCING PLANT: 1.5800 - 1.7000

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH NOVEMBER 20, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 37,206 MT (82,024,347 LBS)
CHANGE -- 1,688 MT (3,721,365 LBS)

WHOLE MILK POWDER -- 2,080 MT (4,585,568 LBS)

CHEESE -- 1,959 MT (4,318,811 LBS)
CHANGE -- 38 MT (83,775 LBS)

BUTTERFAT -- 0 MT

REALLOCATED NDM -- 16,357 MT (36,060,642 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:
Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;
Cheese - 3,350 MT; Butterfat - 29,854 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Market activity was somewhat limited this holiday shortened week. Many traders are working only three days this week. Production levels are steady to slightly heavier. Eastern producers have little or no powder for immediate or spot sale. Those that do have powder to offer are not discounting it nor are they asking for premiums beyond their normal levels. Demand ranges from slow to fair.

F.O.B. NORTHEAST: EXTRA GRAD .2450 - .2500

USPH GRADE .2500 - .2625

DELVD SOUTHEAST: .2600 - .2750

ANIMAL FEED WHEY - NORTHEAST

Prices are still too few to report. The market tone is weak. Offerings of animal feed whey are still more than ample. Demand remains sluggish.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are light to moderate as milk supplies remain relatively light. Demand is seasonally fair to good as retail features are common and widespread. The Kansas City Commodity office announced the purchase of 2,019,600 pounds of canned evaporated milk under EVD-1, invitation 510 at prices ranging \$.5159-.5593 per pound for delivery in January 1999.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$23.62 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Prices for both casein types are lower and the market undertone continues to show weakness. Supplies in the United States are adequate to long for current needs and product is available from key exporting countries and their agents. Contacts are beginning to negotiate for first quarter 1999 contracts.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9500 - 2.1000

ACID: 1.9000 - 2.0500

NEW YORK BOARD OF TRADE (formerly CSCE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	11/11	11/12	11/13	11/16	11/17	11/18	11/19	11/20	11/23
NYBT - BFP -- Dollars per cwt.									
NOV 98	16.73 (173) 5	16.73 (173) 1	16.73 (173) 0	16.73 (173) 0	16.72 (172) 1	16.73 (172) 0	16.72 (212) 0	16.74 (212) 0	16.72 (212) 2
DEC 98	16.50 (137) 21	16.55 (137) 3	16.33 (141) 6	16.48 (147) 12	16.50 (146) 9	16.63 (158) 16	16.69 (162) 13	16.69 (161) 1	16.65 (163) 2
JAN 99	15.05 (70) 6	15.05 (71) 1	14.78 (80) 9	14.95 (82) 5	15.15 (85) 5	15.40 (90) 7	15.60 (91) 2	15.58 (91) 1	15.51 (92) 2
FEB 99	13.50 (35) 2	13.40 (36) 1	13.15 (38) 6	13.23 (40) 2	13.33 (40) 3	13.70 (42) 3	13.90 (43) 4	13.88 (43) 0	13.83 (43) 2
MAR 99	13.00 (15) 2	13.00 (16) 1	12.55 (16) 0	12.55 (16) 0	12.60 (16) 0	12.85 (17) 1	13.13 (20) 5	12.96 (20) 0	12.95 (21) 1
APR 99	12.60 (59) 0	12.40 (60) 1	12.28 (60) 0	12.28 (61) 1	12.34 (63) 2	12.43 (63) 0	12.45 (64) 1	12.35 (64) 0	12.40 (65) 1
MAY 99	12.20 (20) 1	12.10 (20) 0	11.93 (20) 0	12.00 (24) 4	12.05 (24) 0	12.08 (24) 0	12.20 (24) 0	12.08 (24) 0	12.08 (24) 0
JUN 99	12.15 (12) 0	12.18 (12) 0	11.93 (12) 0	12.00 (13) 1	12.05 (14) 1	12.00 (14) 0	12.20 (16) 2	12.08 (16) 0	12.03 (16) 0
JUL 99	12.45 (2) 0	12.30 (2) 0	12.13 (2) 0	12.16 (2) 0	12.23 (2) 0	12.30 (2) 0	12.35 (2) 0	12.35 (2) 0	12.50 (2) 0
AUG 99	12.60 (2) 0	12.70 (2) 0	12.50 (2) 0	12.55 (2) 0	12.60 (2) 0	12.60 (2) 0	12.63 (2) 0	12.65 (2) 0	12.65 (3) 1
SEP 99	12.88 (1) 0	12.75 (1) 0	12.68 (1) 0	12.68 (1) 0	12.75 (1) 0	12.70 (1) 0	12.70 (1) 0	12.70 (1) 0	12.65 (3) 2

CME - BUTTER -- Cents per pound

FEB 99	165.00 (5) 0	164.00 (5) 0	159.50 (6) 3	155.00 (6) 3	154.00 (6) 0	149.00 (10) 4	144.90 (11) 2	139.90 (12) 3	135.00 (15) 4
MAR 99	165.00 (4) 0	165.00 (4) 0	162.00 (4) 1	159.95 (3) 1	156.00 (3) 0	151.00 (4) 1	146.20 (5) 1	141.20 (6) 2	141.20 (6) 0

CME - BFP -- Dollars per cwt.

NOV 98	16.70 (542) 21	16.71 (532) 20	16.71 (517) 10	16.71 (518) 7	16.73 (515) 17	16.75 (502) 15	16.75 (509) 10	16.71 (513) 6	16.71 (513) 0
DEC 98	16.42 (542) 103	16.50 (565) 80	16.33 (595) 82	16.49 (626) 76	16.55 (654) 78	16.65 (667) 50	16.69 (682) 75	16.70 (711) 30	16.67 (760) 99
JAN 99	14.95 (244) 26	15.00 (257) 52	14.83 (280) 61	15.00 (301) 72	15.12 (316) 30	15.35 (322) 50	15.55 (336) 71	15.59 (342) 28	15.54 (344) 21
FEB 99	13.48 (199) 18	13.35 (203) 14	13.20 (201) 8	13.30 (211) 17	13.34 (216) 7	13.65 (220) 14	13.90 (234) 32	13.95 (239) 14	13.86 (257) 30
MAR 99	12.96 (205) 11	12.85 (210) 30	12.65 (214) 6	12.60 (215) 4	12.72 (221) 22	12.83 (228) 13	13.05 (232) 52	12.94 (235) 8	12.98 (246) 14
APR 99	12.55 (81) 13	12.42 (85) 7	12.30 (86) 1	12.37 (92) 9	12.36 (99) 23	12.44 (99) 0	12.40 (103) 10	12.40 (104) 3	12.40 (110) 7
MAY 99	12.22 (86) 3	12.15 (82) 10	12.11 (82) 0	12.00 (86) 9	12.10 (89) 21	12.10 (89) 5	12.10 (89) 12	12.13 (91) 2	12.10 (96) 5
JUN 99	12.18 (78) 4	12.10 (76) 2	12.04 (76) 0	12.00 (88) 12	12.10 (88) 12	12.10 (88) 0	12.11 (90) 2	12.11 (90) 0	12.10 (96) 9
JUL 99	12.45 (32) 3	12.35 (32) 0	12.32 (32) 0	12.30 (34) 2	12.40 (37) 3	12.40 (37) 0	12.40 (37) 0	12.40 (37) 0	12.41 (37) 0
AUG 99	12.60 (20) 2	12.61 (21) 2	12.50 (22) 9	12.60 (24) 2	12.60 (24) 0	12.60 (24) 0	12.60 (24) 0	12.60 (24) 0	12.60 (24) 3
SEP 99	12.70 (8) 2	12.95 (8) 1	12.80 (12) 5	12.80 (12) 0	12.80 (13) 1	12.80 (13) 0	12.80 (13) 0	12.85 (14) 3	12.81 (17) 3

CME - CHEDDAR CHEESE -- Cents per pound

NOV 98	185.00 (0) 0	185.00 (0) 0	185.00 (0) 0	185.00 (0) 0	185.00 (0) 0	185.00 (0) 0	185.00 (0) 0	185.00 (0) 0	185.00 (0) 0
DEC 98	172.50 (7) 0	177.50 (5) 2	177.50 (5) 0	177.00 (6) 3	177.00 (6) 1	177.00 (6) 0	177.00 (6) 0	177.00 (6) 0	177.00 (6) 0

1/ At the NYBT Open interest for NDM -- 44,000 pounds per contract, Cheddar Cheese -- 10,500 pounds per contract, Fluid Milk -- 50,000 pounds per contract, BFP -- 100,000 pounds per contract. At the CME Open interest for Cheddar Cheese -- 40,000 pounds per contract and BFP -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered November 16 - 27, 1998

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Export interest remains generally quiet as news is limited from Russia except for donated product, not purchases. Milk production is generally at the low point in the annual production cycle. Milk processors are active in producing many holiday products such as sour cream and cream. While prices in Europe are generally flat, the currency exchange rate fluctuations are affecting some reported price ranges. The recent increase in the EU export subsidy on whole milk (about \$130 US) did little to generate additional sales interest.

BUTTER/BUTTEROIL: The butter market is weak and prices are mostly lower. Internal EU demand is seasonally good for butter. However, export interest, especially from Russia, remains quiet. Current supplies are at least adequate for needs. In some countries, butter production is above 1997 levels due to weak cheese demand from Russia. Production of holiday items including sour cream and cream cheese are utilizing some additional cream rather than going into a churn.

82% BUTTERFAT:	1,620 - 1,800
99% BUTTERFAT:	2,350 - 2,600

SKIM MILK POWDER (SMP): The skim market is steadier than in past weeks. Export interest is generally quiet. Stocks are at least adequate. Some extra powder is being dried as a consequence to marketers producing extra cream and sour cream in preparation for holiday needs.

1.25% BUTTERFAT:	1,250 - 1,400
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WHOLE MILK POWDER (WMP): The whole milk market is steady. The recent change in the export subsidy did little to stimulate additional buyer interest except the desire for lower price quotes. Overall export interest is generally quiet.

26% BUTTERFAT:	1,500 - 1,730
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SWEET WHEY POWDER: The whey market is about steady though spot interest remains light. Production is also seasonally light due to good butter/cream item production and low seasonal milk receipts.

NONHYGROSCOPIC:	620 - 650
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EASTERN EUROPE: Milk production is at the annual low point in the production cycle. Russian interest remains seasonally light. Stocks are about adequate.

OCEANIA

OVERVIEW: Milk production in New Zealand during the first 4 months of the new season (June - September) was down 5.6% from the previous year, though the previous year started with an especially good early period. Current projections have receipts ending the season close to year ago levels. In Australia, milk receipts were up 6% for the period of July-September, but only 2% higher in October due to cool weather and slow grass growth. Thus far, November weather has been more conducive to milk production than October. The lack of export interest from Russia and much of the Asian market continues to adversely impact world export activity. Fluctuations in currency values are also affecting reported prices.

BUTTER: The butter market is weak to barely steady. The usually good Russian late year butter market remains quiet. Extra sales earlier in the fall to the U.S. helped reduce inventories. However, the rapid decline in the U.S. butter market is eliminating this opportunity. Production is seasonal.

82% BUTTERFAT:	1,650 - 1,750
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CHEDDAR CHEESE: The cheese market is barely steady. Production is about on schedule with current inventories in reasonably good balance with expectations. Current cheese production is seasonally heavy.

39% MAXIMUM MOISTURE:	1,800 - 1,900
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SKIM MILK POWDER (SMP): The skim market has stabilized at, or just above \$1,300 per MT. The fear of continued price weakness has been avoided, at least for the near term. Some recent activity with Algeria and Mexico has helped move or commit some product. Supplies are at least adequate.

1.25% BUTTERFAT:	1,300 - 1,350
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WHOLE MILK POWDER (WMP): The whole milk market is steady and prices are unchanged. The increase in the EU whole milk subsidy did little to impact current, generally quiet interest.

26% BUTTERFAT:	1,600 - 1,650
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Exchange rates for selected foreign currencies: November 23, 1998

.5205 Dutch Guilder	.5870 German Mark
.1751 French Franc	.5303 New Zealand Dollar
.1012 Mexican Peso	.6365 Australian Dollar
1.6573 British Pound	.0083 Japanese Yen
.2874 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1012) = 9.8814.
That is 1 US Dollar equals 9.8814 Mexican Pesos.

Source: *Wall Street Journal*

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

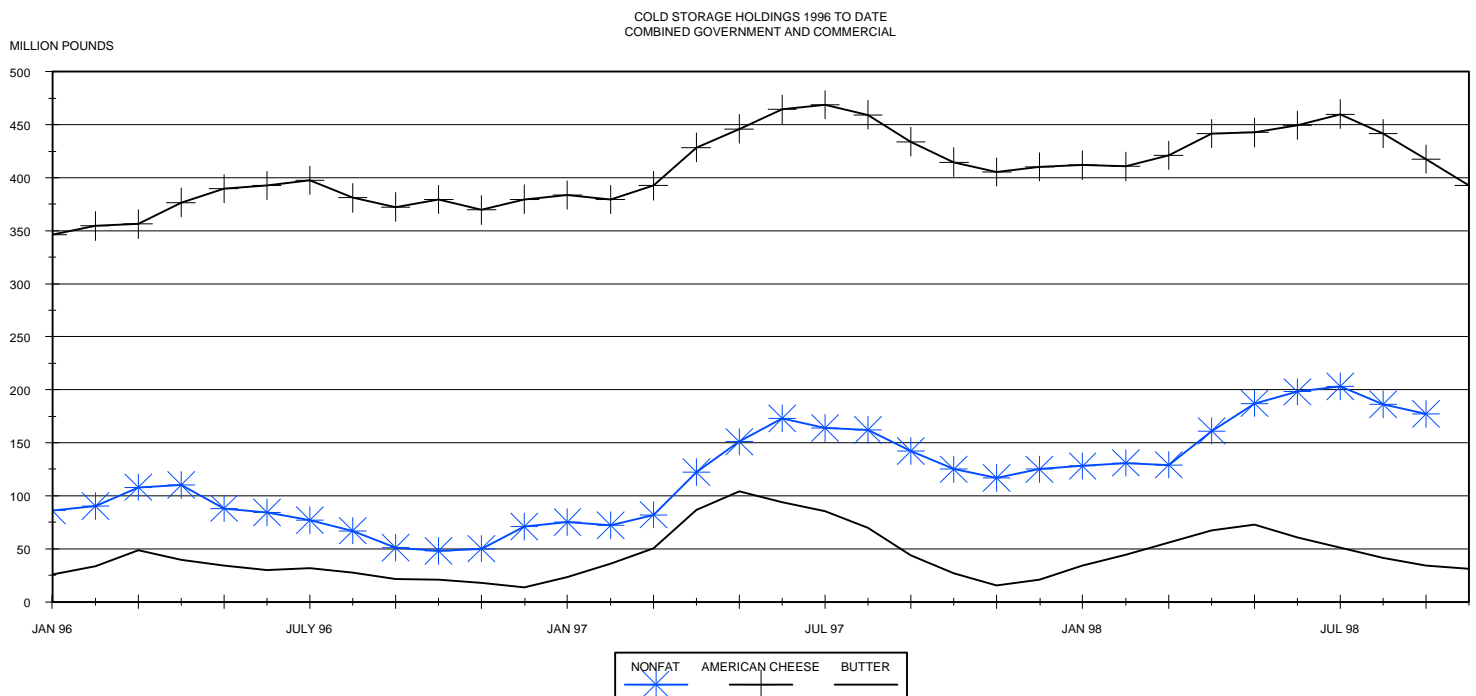
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	SEP 30, 1996	SEP 30, 1997	REVISED SEP 30, 1998	OCT 31, 1996	OCT 31, 1997	OCT 31, 1998
Cream	1,171	---	---	1,172	---	---
Butter	21,431	43,936	34,077	20,545	26,581	31,062
Evap. & Cond. Milk	785	---	---	1,117	---	---
Cheese, Natural American	372,555	434,028	417,496	379,471	414,798	392,912
Cheese, Swiss	12,701	11,040	12,741	11,987	11,630	12,393
Cheese, Other Natural	110,545	98,607	122,762	103,169	78,542	114,747
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	546	499	169	277	392	8
Natural American Cheese	190	257	190	176	61	231

OCTOBER COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1996	1997	1998	1996	1997	1998*	1996	1997	1998
New England	14,414	21,854	22,456	2,396	3,012	---	127	145	256
Middle Atlantic	36,348	39,131	39,592	2,055	1,966	---	9,495	11,269	9,388
East North Central	216,153	232,640	199,735	4,978	11,612	---	81,655	53,618	93,851
West North Central	59,590	59,272	59,990	3,202	2,828	---	1,873	3,980	2,637
South Atlantic	305	263	561	268	103	---	5,136	3,934	602
East South Central	181	200	305	353	59	---	2,804	1,973	1,809
West South Central	264	1,076	352	2,143	1,113	---	291	67	310
Mountain	16,691	15,971	16,240	383	374	---	543	798	816
Pacific	35,525	44,391	53,681	4,767	5,514	---	1,245	2,758	5,078
TOTAL	379,471	414,798	392,912	20,545	26,581	31,062	103,169	78,542	114,747

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1997 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Million Pounds						Million Pounds						Million Pounds					
January	34	23	34	23	<u>3/</u>	<u>3/</u>	412	384	412	384	<u>3/</u>	<u>3/</u>	128	75	104	75	24	<u>3/</u>
February	44	36	44	36	<u>3/</u>	<u>3/</u>	411	379	411	379	<u>3/</u>	<u>3/</u>	131	72	105	72	26	<u>3/</u>
March	56	50	56	50	<u>3/</u>	<u>3/</u>	421	392	421	392	<u>3/</u>	<u>3/</u>	129	82	93	81	36	<u>3/</u>
April	67	87	67	86	<u>3/</u>	<u>3/</u>	442	429	441	429	<u>3/</u>	<u>3/</u>	161	122	113	121	48	<u>3/</u>
May	73	104	72	103	<u>3/</u>	1	443	446	443	446	<u>3/</u>	<u>3/</u>	187	151	132	151	55	<u>3/</u>
June	61	94	60	93	<u>3/</u>	1	450	464	450	464	<u>3/</u>	<u>3/</u>	198	173	129	173	69	<u>3/</u>
July	51	86	51	85	<u>3/</u>	1	460	469	460	469	<u>3/</u>	<u>3/</u>	203	164	112	161	91	3
August	41	69	41	69	<u>3/</u>	1	442	459	441	459	<u>3/</u>	<u>3/</u>	186	162	78	156	108	5
September	34	44	34	43	<u>3/</u>	<u>3/</u>	417	434	417	434	<u>3/</u>	<u>3/</u>	177	142	64	134	112	8
October	31	27	31	26	<u>3/</u>	<u>3/</u>	393	415	393	415	<u>3/</u>	<u>3/</u>		125		111		14
November		15		15	<u>3/</u>	<u>3/</u>		405		405	<u>3/</u>	<u>3/</u>		117		95		21
December		21		20	<u>3/</u>	<u>3/</u>		410		410	<u>3/</u>	<u>3/</u>		125		103		22

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Sep 30, 1996	Sep 30, 1997	Sep 30, 1998	Oct 31, 1996	Oct 31, 1997	Oct 31, 1998
	Thousand Pounds					
Butter	20,855	43,437	33,908	20,268	26,189	31,054
Natural American Cheese	372,365	433,771	417,306	379,295	414,737	392,681

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (11-98) and "Dairy Products," Da 2-6 (11-98), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/
AUG 1998	161.0	2.2	150.5	5.0	147.6	6.0	152.7	4.0	160.1	39.2	148.2	-0.6
SEP 1998	161.1	2.0	152.9	6.6	150.8	8.5	154.1	4.6	176.5	55.0	147.5	-1.1
OCT 1998	162.0	2.4	155.0	6.4	150.9	5.0	156.8	7.0	194.2	69.6	148.0	-0.6
U.S. City Average Retail Prices												
Month	Whole Milk 4/		Lowfat Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Dollars											
AUG	2.717	2.551	2.569	2.329	2.985	2.154	3.479	3.352	3.575	NA	3.147	2.927
SEP	2.757	2.533	2.622	2.307	3.387	2.144	3.617	3.359	3.587	NA	3.184	2.895
OCT	2.785	2.635	2.658	2.391	3.802	2.181	3.630	3.419	3.671	NA	3.272	2.925

* NA Not available. 1/ "CPI Detail Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

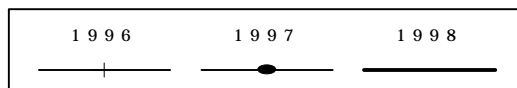
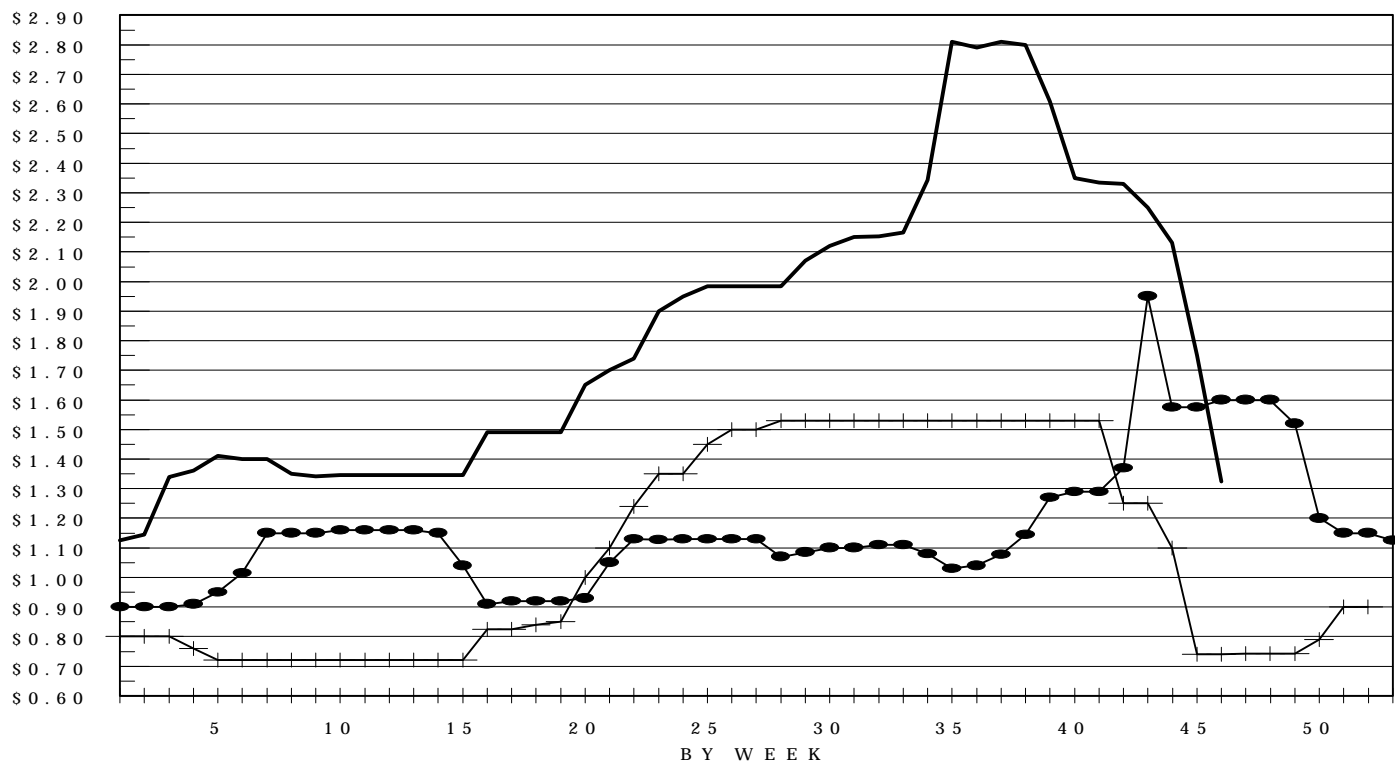
COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--JULY-SEPTEMBER AND YEAR-TO-DATE 1997-98 1/

Item	Jul.-Sep. 1997	Percent change 4/	Jul.-Sep. 1998	Percent change 4/	Jan.-Sep. 1997	Percent change 4/	Jan.-Sep. 1998	Percent change 4/
	Million Pounds							
MILK								
Production	38,805	3.1	38,694	-0.3	118,449	2.2	118,834	0.3
Marketings	38,444	3.2	38,354	-0.2	117,380	2.3	117,824	0.4
Beginning Commercial Stocks 2/	7,532	35.3	6,637	-11.9	4,704	14.8	4,889	3.9
Imports 2/	662	-20.9	1,514	128.7	1,814	-4.9	3,181	75.4
Total Supply 3/	46,638	6.8	46,505	-0.3	123,898	2.6	125,894	1.6
Ending Commercial Stocks 2/	5,939	20.3	5,765	-2.9	5,939	20.3	5,765	-2.9
Net Removals 2/	330	1,636.8	43	-87.0	699	927.9	315	-54.9
Commercial Disappearance 3/	40,369	4.3	40,697	0.8	117,260	1.3	119,814	2.2
SELECTED PRODUCTS 5/								
Butter	265.8	11.9	252.1	-5.2	821.1	-5.0	801.8	-2.4
American Cheese	840.3	3.0	820.6	-2.3	2,453.3	1.8	2,491.8	1.6
Other Cheese	1,110.3	2.5	1,087.2	-2.1	3,180.1	3.0	3,218.8	1.2
Nonfat Dry Milk	227.0	2.8	206.2	-9.2	699.4	-12.1	651.0	-6.9
Fluid Milk Products 6/	13,705.8	0.2	13,643.8	-0.5	41,219.1	-0.1	40,956.2	-0.6

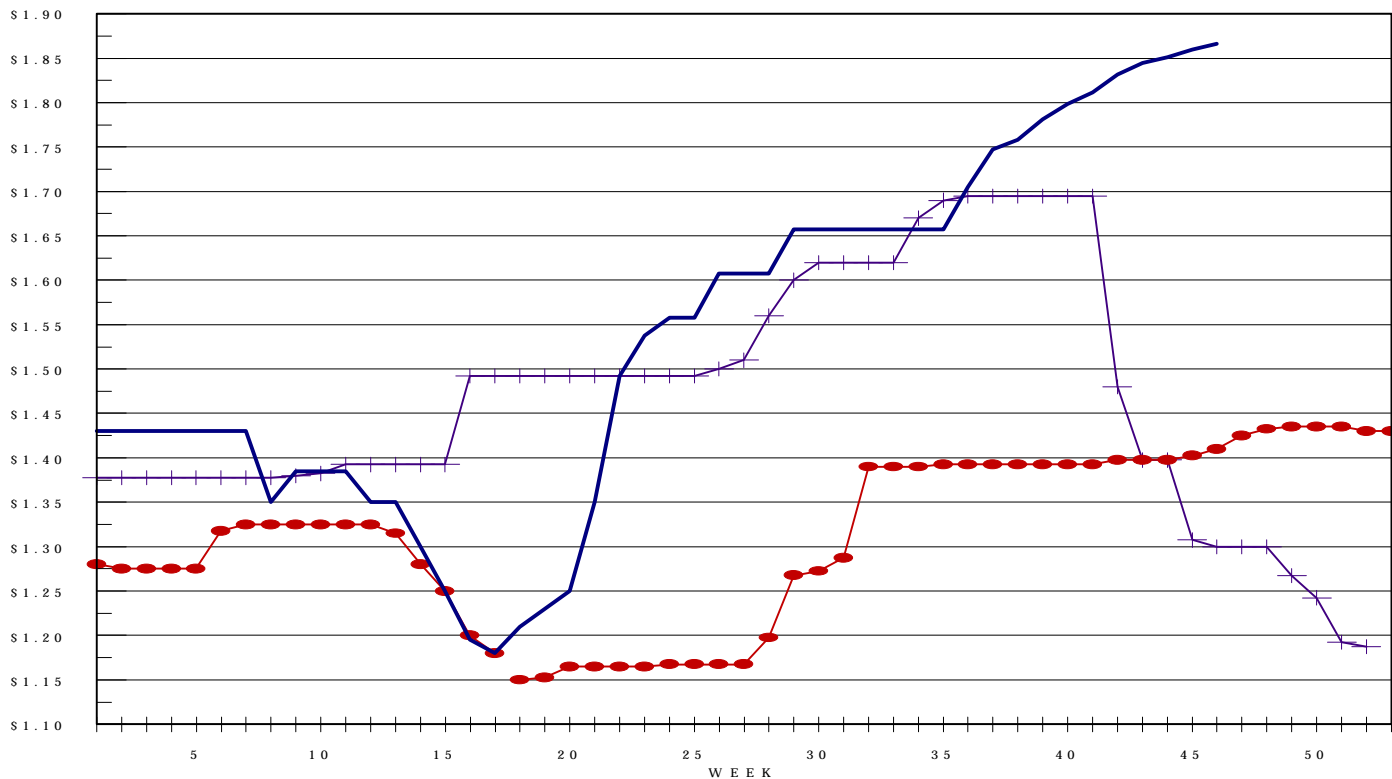
1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.

CHICAGO MERCANTILE EXCHANGE
GRADE AA BUTTER

PRICE PER POUND

CHICAGO MERCANTILE EXCHANGE &
NATIONAL CHEESE EXCHANGE

PRICE PER POUND

SINCE 9/4/98 IS WEEKLY AVERAGE
NCE trading discontinued on April 25, 1997

CCC PURCHASES OF DAIRY PRODUCTS

FOR THE PERIOD OF NOVEMBER 23 - 24, 1998				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
	TOTAL	CONTRACT	ADJUSTED		SINCE	SAME PERIOD		PERIOD ENDING	SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES		10/01/98	LAST YEAR		11/20/98	LAST YEAR		
<u>BUTTER</u>											
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>CHEESE</u>											
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>NONFAT DRY MILK</u>											
Nonfortified	-0-	-0-	-0-	-0-	103,384	856,393	10,500,000	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	103,384	856,393	10,500,000	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
PERIOD OF NOVEMBER 23 - 24, 1998 =	0.0	0.0	COMPARABLE WEEK IN 1997 =	-0.1	-5.2
CUMULATIVE SINCE OCTOBER 1, 1998 =	0.0	1.2	CUMULATIVE SAME PERIOD LAST YEAR =	0.2	10.0
CUMULATIVE JANUARY 1 - NOVEMBER 24, 1998 =	25.0	1,321.4	COMPARABLE CALENDAR YEAR 1997 =	24.8	400.4

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL									
REGION	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1997/98
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0	0.0
WEST	-0-	-0-	-0-	-0-	103,384	746,218	100.0	87.1	87.1
EAST	-0-	-0-	-0-	-0-	-0-	110,175	0.0	12.9	12.9
TOTAL	-0-	-0-	-0-	-0-	103,384	856,393	100.0	100.0	100.0

SELLBACK TO THE TRADE NONFAT DRY MILK (POUNDS) MILK EQUIVALENT - MILKFAT BASIS* - MILLION POUNDS

PERIOD OF NOV. 20 - 24, 1998	624,846	0.1
CUMULATIVE SINCE 10/1/98	13,218,757	2.9

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 11/07/98 & Comparable Week 1997 1/ 2/													
Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL	
											WEEK	SINCE JAN 1	WEEK
1998-Dairy cows HD (000)	0.3	1.5	6.9	6.2	19.6	2.4	3.2	0.5	8.9	2.9	52.3	2,268.0	42.7
1997-Dairy cows HD (000)	0.3	1.8	8.0	5.5	28.1	2.8	3.9	0.9	8.6	2.9	62.9	2,496.7	42.2
1998-All cows HD (000)	0.3	1.6	9.5	17.4	27.7	20.8	19.1	5.4	12.4	8.5	122.6	5,027.4	
1997-All cows HD (000)	0.4	1.9	11.0	17.8	39.3	23.2	23.7	10.8	12.2	8.9	149.2	5,469.1	

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CCC MARKET PRICE PURCHASES

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 21,727,771

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)												
YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04		